
From: Fujio Matsuda
To: Yadao, Elisa
CC: Hannemann, Mufi; Hamayasu, Toru
Sent: 8/5/2008 5:05:04 PM
Subject: Re: Rail Transit

Hi, Elisa,

Thanks for checking out the numbers; they were based on some assumptions that may not be valid. Assuming that the project is a GO, I have some questions about its implementation.

The Mass Transit project will be by far the largest and most complex project to be undertaken in Hawaii. It will test not only your financial capacity, but also your project management, architectural and engineering design, contract preparation and processing, bidding, procurement, and construction management capabilities. I haven't followed the details of the project, but how will the project be managed? The normal machinery and procedures available to the City will be overwhelmed and become a bottleneck, thus stretching the project out, intentionally or otherwise. This will extend the construction period, increase cost, and delay the use, enjoyment, and benefit of the mass transit system.

1. My suggestion is that an overall project management firm be hired to manage the project from start to finish, as soon as the final approval is obtained, with the aim of minimizing the time to complete the system, which also should mean minimizing the cost. Multiple processing of tasks on different parts of the system, rather than sequential scheduling by segments, for example, with each segment complete but unusable or usable to a very limited degree only.
2. If this management system makes sense, re-think the packaging of the construction projects. It may make more sense to start with the critical downtown section at the same time as the extremities at the University and Kapolei. Or, stations could be started as independent packages, in parallel with track segments.
3. Procurement of long-lead items can be started separately, independent of specific segments where they will be used, such as ticketing and traffic control systems, trains & propulsion systems, system baseyards, etc.. Signing and station design requirements will be controlled by the Project manager rather than individual station architects, who will do the site specific designs, etc.
4. Systemwide detour systems for cars and buses during construction
5. Bus feeder and park/kiss-and-ride systems connecting to interim express buses running on coordinated schedules to alleviate construction congestion and build up patronage.

These are just top of my head ideas, but the main thing is the coordinated, multitasking, systemwide approach to construction management, start to finish. We used a system like this to construct the Honolulu International Airport. Gov. Burns OK'd the approach, provided we gave preference to all local qualified professionals and contractors. The hiring decision of local architects and engineers was mine, subject to concurrence by the Project manager, which in this case was Ralph Parsons & Co., one of the two largest construction management firms in the U.S. at that time. Selection of Parsons was my responsibility; they won out over Bechtel, the other firm invited to bid, and I negotiated the contract, with the assistance of a deputy attorney general assigned to DOT. Owen Miyamoto, Airport Engineer and his staff worked with Ralph Parsons on a day-to-day basis. All procurement laws were followed. I was fortunate in having Owen, he was the key to our success in this project.

In this case, the Mayor would be the final decision maker. You will need a clone of Owen Miyamoto, to do the job right. He would be a valuable resource, even if he is not available to work on the project. Ed Hirata can do it, if you can get him. There must be others, but I'm not familiar with the current leaders among the engineers in Hawaii.

The above comments apply no matter what the system configuration looks like, it's huge task. I have a couple of questions about the system configuration:

1. Can the Airport be connected directly to the main line during the design phase, or is it impossible to change.? As I understand it, the airport is connected only to the Waikiki station. Did I misunderstand the change made to put the airport back on the system?
2. The UH Manoa campus is a critical destination for rail transit riders. Can that be accelerated into the first phase, or will that require a second round of authorization and funding? What will it take to put it into the first phase, if it is not already in it?.

I'm sure these are not new questions or ideas. I hope they're helpful.

Aloha,

FM

From: [Yadao, Elisa](#)
To: [Fujio Matsuda](#)
Cc: [Hannemann, Mufi](#) ; [Hamayasu, Toru](#)
Sent: Tuesday, August 05, 2008 12:12 PM
Subject: RE: Rail Transit

Thank you Fudge,

I am running this by the numbers folks here to ensure that you have a correct understanding of project financing.

Please continue to share your observations/thoughts/suggestions with us, your knowledge is infinitely helpful.

Along those lines, would your fellow Kahala Nui residents be interested in a transit presentation? We would be more than happy to do a speakers bureau presentation there.

Let me know, hope all is well.

Best,
Elisa

From: Fujio Matsuda [<mailto:fmatsuda@hawaii.rr.com>]
Sent: Monday, August 04, 2008 10:28 AM
To: Yadao, Elisa
Subject: Rail Transit

Good Morning, Mayor and Elisa,

Just saw a news clip on Channel 2 re Stop Rail Now movement. A young man from Stop Rail said something like, "It will cost every man, woman, and child \$4000 to \$5000 to pay for just the cost of building rail transit!" The public seems to have focused on the cost of the project, and are thinking along the same line - we can't afford it. A young, good looking city employee, I think, responded by saying something like - that's inaccurate; its wrong to take the cost and divide it by the population." He probably said more, but as usual they showed just a 10-sec sound bite to explain a complex answer. Maybe the reporter and/or the editor didn't understand the problem themselves.

Based on my experience talking to some retirees living at Kahala Nui where I live, and by general experience, the public does not understand how the project will be financed. Some or perhaps most might be thinking a huge tax increase is coming if they approve the project. Somebody, probably the Mayor needs to elaborate on the answer given in the newscast. Without getting into the technicalities of bond issues and debt service, you need to explain that the cost of building the rail rapid transit will be paid over the life of the bonds - 30 to 40 years by residents and visitors through the 1/2% GE tax approved by the State Legislature in 2007 (?) If that is not correct, please let me know so I will stop saying that!

My assumptions are:

1. The project will require 10 - 20 years to construct.
2. Bonds will be issued as needed in several large chunks, over 10 years.
3. GO Bonds with 30-yr maturity will be used.
4. The 0.5% GE Tax already in place is sufficient to service the bond debt.

I believe you need to translate the above into numbers that the average tax-paying citizenin can understand. A suggested approach (I,m sure there are other ideas and approaches you'll want to consider):

1. When the bonds are fully paid in the next 30-40 years, the rapid transit will be paid for, by current and future residents and visitors.
2. In my example to my retiree friend (a single widow in her late 70s?), I used \$10,000 & \$20,000 annual GE taxable expenditure as examples of how much she would be paying for rail rapid transit each year:

For \$10,000 worth of purchases, \$50/yr,
 For \$20,000 " " \$100/yr.

"But," she said, " I won't be using the rail transit. Why should I have to pay?"

My answer: "If that's the criterion, the Hawaii Kai people wouldn't have Kalaniana'ole, today, and neither would the windward people have Pali Likelike, and H-3. That's not how we build a community, or a state, or a country. We enjoy what people who came before us built, and we have to do our share to pass on to the future generations. (Not exactly in those words, but you get the idea.)"

3. For the University Engineerng Professor, Councilman Djou, and others who advocate more highways, the answer is, that's what we've been doing for the last 40 years, and things are getting worse. Add price of oil and environmental degradation, and it's clear we need to consider other alternatives to supplement our highway systems."

Well, that's enough for this morning. I have a few more quesitons/suggestions, but they can wait.

Have a nice day!

Aloha,

FM